

FINANCIERS

BORIS JORDAN: THE MAN WHO MADE MOSCOW'S MARKET

For an encore, he aims to create his own Russian bank

When Victor Paul first met Boris Jordan in Moscow in 1992, both were novice investment bankers helping the Russian government sell off thousands of state enterprises. One day, recalls Paul, who currently heads Morgan Grenfell & Co.'s Moscow operations, "Boris asked me why I wasn't trading equities. I told him the market wasn't developed enough yet. You know what Boris said? He said he wanted to create the market, not wait for it to develop."

That's just what happened. In his three years with CS First Boston in Moscow, the tall, cherub-faced Jordan, now only 28, practically built the Russian equity market from scratch. While other big foreign investment banks shied away, he created securities from the assets of Russian companies and marketed them to foreign buyers. Last year, CSFB attracted \$1.2 billion of the \$1.8 billion of foreign investment in Russian equities.

Now, Jordan once again is moving ahead of the curve. On May 4, he announced he was leaving CS First Boston to create a new investment banking and securities firm, together with a Russian partner. With foreign investors avoiding emerging markets like Russia in the wake of the turmoil in Mexico, Jordan is going after a big new customer base: the Russian investor. Says Jordan: "Russians are using the international 'quiet period' to grab hold of assets."

LEGEND. Jordan hopes to take advantage of this shift by setting up an indigenous operation. Russian investors prefer doing business with other Russians. Jordan also believes domestic rather than foreign banks will dominate Russia's capital markets.

His background gives him a huge advantage. The grandson of Russian aristocrats who fled the Bolsheviks, Jordan was raised in Sea Cliff, N.Y., a close-knit ethnic community where he studied Russian on Saturdays and worshipped at an onion-domed Russian Orthodox church. As a New York University undergraduate in the 1980s, he majored in U.S.-Russian studies.



JORDAN: On his own

Right after college, he joined Kidder, Peabody & Co. and learned how to securitize assets. Later, he joined GPA Group PLC, a financial group involved with aircraft leasing. Along the way, he picked up a grounding in emerging markets and valuable contacts among institutional investors. In 1992, Hans-Jorg Rudloff, who started up CSFB's East European and Russian businesses, recruited him for Moscow.

There, he became something of a legend. When he launched CSFB's trading business in mid-1993, he had never traded a stock or bond. But by 1994, when the Russian market took off, CSFB was handling more than 60% of the deals. Rival brokers say Jordan's inexperience was a blessing in disguise, allowing him to push large-scale Western investment at a time

when others remained wary. "You can't argue with the results," says Bernard Sucher, managing director of Moscow brokerage Troika Dialog. "CSFB has had an extraordinary impact on the Russian market."

Jordan's departure is a big blow for CSFB. Last year, Russian investment banking and trading produced almost \$100 million in revenues, nearly half of CSFB's profits. Leaving to work with Jordan are Stephen Jennings, an experienced investment banker who was co-head of CSFB's Moscow office, and Anton Kudrashov, the firm's top Russian trader. Other bankers in CSFB's 90-person Moscow office may join the exodus. There is also talk that Rudloff, who left CS First Boston in 1994 to start his own investment boutique in London, could join Jordan and his Russian partner.

NATIVE STRENGTHS. Jordan expects foreign investors to remain leery of Russia until after parliamentary and Presidential elections in late 1995 and early 1996. But he believes that Russians, who have traditionally held their \$12 billion worth of savings in dollars, will get more interested in stocks now that inflation is dropping, the ruble has stabilized, and the dollar has weakened. When foreigners do return to Russia, he plans to exploit that market.

Jordan is mum about his partner's identity, but Moscow brokers expect him to join forces with one of Russia's top commercial banks. High on the list is Uneximbank, the leader of a banking consortium that has proposed lending the government \$2 billion in exchange for control over a number of Russia's top privatized companies.

Jordan says that Russian banks are simply following the example of J.P. Morgan, which made a fortune at the turn of the century snapping up and restructuring America's industrial assets. The banks are likely to

shape the next phase in the Russian markets' maturity as local investors get in on the action. If past is prologue, Jordan won't wait for the trend to develop. His home-grown bank will make it happen.

By Patricia Kranz in Moscow

A Whiz Kid's Résumé

AGE: 28

BACKGROUND: Ethnic Russian community in Sea Cliff, N.Y.

EDUCATION: New York University, B.A. in Russian-U.S. Studies

EARLY JOBS: Project finance at Kidder Peabody, emerging market asset securitization at GPA Group

POSITION AT CSFB: Managing director in charge of Moscow office

LIFE AFTER CSFB: Starting his own investment firm

DREAM: Expanding Russia's new capital markets

DATA: BUSINESS WEEK